



ASX Code: NAE



Half Year Consolidated Financial Report

31 December 2016

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NEW AGE EXPLORATION HALF YEAR CONSOLIDATED FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

CONTENTS

DIRECTORS' REPORT	3
REVIEW OF OPERATIONS	4
AUDITOR'S INDEPENDENCE DECLARATION	16
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	17
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	18
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	19
CONSOLIDATED STATEMENT OF CASH FLOWS	20
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS	21
DIRECTORS' DECLARATION	24
INDEPENDENT AUDITOR'S REVIEW REPORT	25

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

Your Directors present their report, together with the consolidated financial statements and the independent auditor's review report thereon, for the half year ended 31 December 2016.

Directors

The names of the Directors of New Age Exploration Limited (NAE) in office at any time during or since the end of the period are as follows:

Mr A Broome, AM (Non-Executive Chairman)
Mr G Fietz (Managing Director)
Mr M Amundsen (Non-Executive Director)

Principal activities

During the financial half-year, the principal continuing activities of the Group consisted of exploration activities with the view to identifying and advancing attractive mineral deposits of sufficient grade and size to provide sustainable returns to shareholders.

Review of Operations

The loss of the Consolidated Entity for the period, after providing for income tax, amounted to \$408,581 (31 December 2015: \$1,105,589) and had cash inflows from operating and investing activities of \$607,140 [31 December 2015: (\$536,115)]. Excluding a non-recurring research and development refund of \$775,753 (net of costs), cash outflows from operating and investing activities for the period totalled \$168,613. The detailed Review of Operations follows this Directors' Report.

Subsequent events

On 13 January 2017, NAE fully settled in cash \$109,758, comprising the outstanding principal of \$105,170 and interest of \$4,588, of a funding facility provided by the Company's largest shareholder, Resource Capital Fund V L.P ("RCF"). The Company now has no outstanding loans to RCF or to any other party.

On 25th January 2017, NAE entered into a Shareholders Agreement ("Agreement") with Strategic Minerals Plc ("SML") and Cornwall Resources Limited ("CRL"), the joint venture vehicle operating the Redmoor Project in Cornwall. In accordance with the Agreement, SML exercised its option and subscribed for shares totalling £843,649 in early February 2017 to increase its interest in CRL and the Redmoor Project to 50%. The funds will be applied to a phased drilling program at Redmoor during this year.

Further updates on the Redmoor and Lochinvar Projects is included in the Review of Operations below.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial periods.

Lead Auditor's Independence Declaration

A copy of the auditor's independence declaration in relation to the review for the half-year ended 31 December 2016 is included on page 16.

This report is made in accordance with a resolution of the directors, pursuant to section 306(3)(a) of the Corporations Act 2001.



Gary Fietz, Managing Director
Melbourne, 16 March 2017

REVIEW OF OPERATIONS

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

HIGHLIGHTS

Redmoor Tin-Tungsten Project

- £101,700 payment made in September by AIM-listed Company, Strategic Minerals Plc (“SML”) for part-payment of its Redmoor Option Payment. These funds have been applied to advancing pre-drilling works at Redmoor.
- £843,649 payment made in February 2017 by SML completing its Redmoor Option Payment and increasing SML’s equity in the Redmoor Project to 50%, (NAE now also holds 50%).
- Local government approvals for drilling in place, 91% of land access agreements for drilling in place and strong community support.
- Drilling contract signed and mobilisation commenced on 1 March to start drilling in late March. A two Phase drilling program comprising of 13 holes in the first phase, followed by a second phase of 10 additional holes (total 23 holes) is planned. The aim of the drilling program is to confirm and extend the high grade resource at Redmoor.

Lochinvar Coking Coal Project

- Re-start of activities on the Lochinvar Coking Coal Project in November.
- Scoping Study Update including coal marketing study, capital and operating cost and valuation update completed in March. The Lochinvar Scoping Study Update has resulted in a substantial improvement in project economics from the 2014 results with the base-case NPV9%, determined to an accuracy of $\pm 40\%$, of approximately US\$410M, an IRR of approximately 27% and a payback period of approximately 4 years. (*see 15 March 2017 NAE announcement*).

Otago South Gold Exploration

- Otago South Gold Project Prospecting Permits granted in October by the NZ Government, giving NAE first mover advantage to explore the south Otago Schist belt for (>10Moz Au) Macraes style gold deposits where a ‘mirror image’ of the geology hosting the Macraes mine in the north of the schist belt has been identified by recent research.
- Otago South Gold Project fieldwork commenced in late November by Dr Doug MacKenzie and with technical consultants CRL Energy commencing soil sampling in January.

Corporate

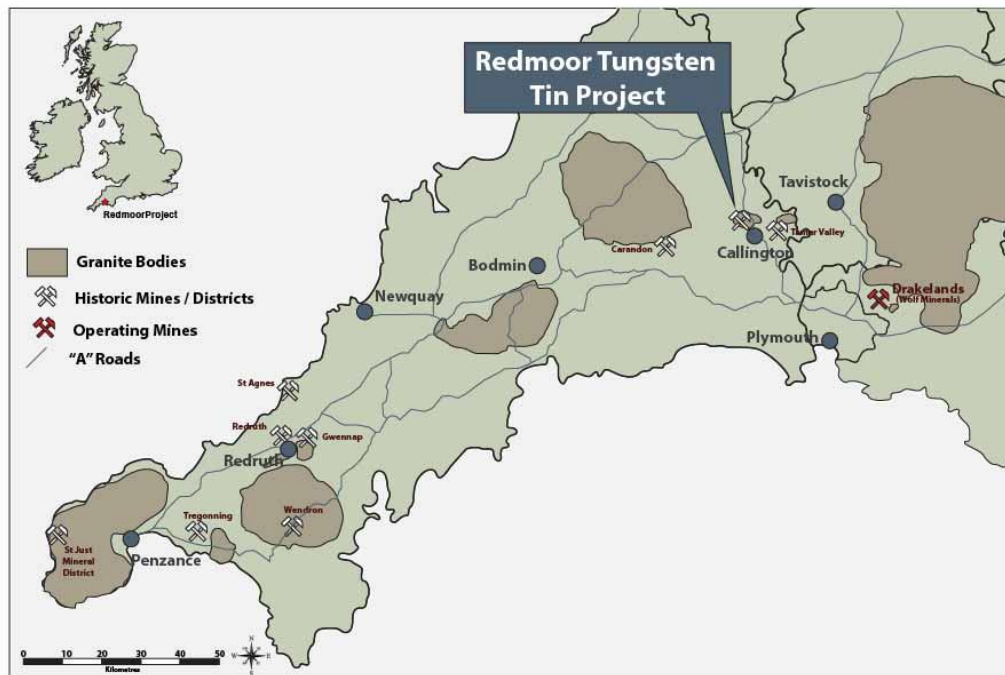
- £456,729 cash payment received by NAE’s wholly owned UK subsidiary, Lochinvar Coal Limited, from the UK Government for Research and Development Tax Relief in July.
- Placement of 15,700,000 shares at 1.5 cents per share and 925,914 shares at a price of 0.99 cents per share to Resource Capital Fund V L.P. (“RCF”) in July, as consideration for part payment of unsecured loan and accrued interest thereon.
- Completion of \$1.384M heavily oversubscribed capital raising at 2.0c / share in November.
- Repayment of outstanding loan A\$109,758 to RCF in January.
- \$1.72M NAE consolidated cash position at 28 February 2017, plus £0.86M (A\$1.38M) cash in Cornwall Resources Limited (50% NAE owned).

REDMOOR TIN-TUNGSTEN PROJECT, UK

Location and Ownership

The Redmoor Project is located between the village of Kelly Bray and the small town of Callington in southeast Cornwall, United Kingdom, approximately 25km by road from the city and port of Plymouth, and 40km from the recently commissioned Hemerdon Tungsten mine and processing plant. The area has well-established infrastructure and is located in the world class Cornwall tin–tungsten–copper mineralised district.

Cornwall Resources Limited which is now 50% owned by NAE, holds a 15-year exploration licence and Option for a Mining Licence with modest annual payments over the Redmoor project.



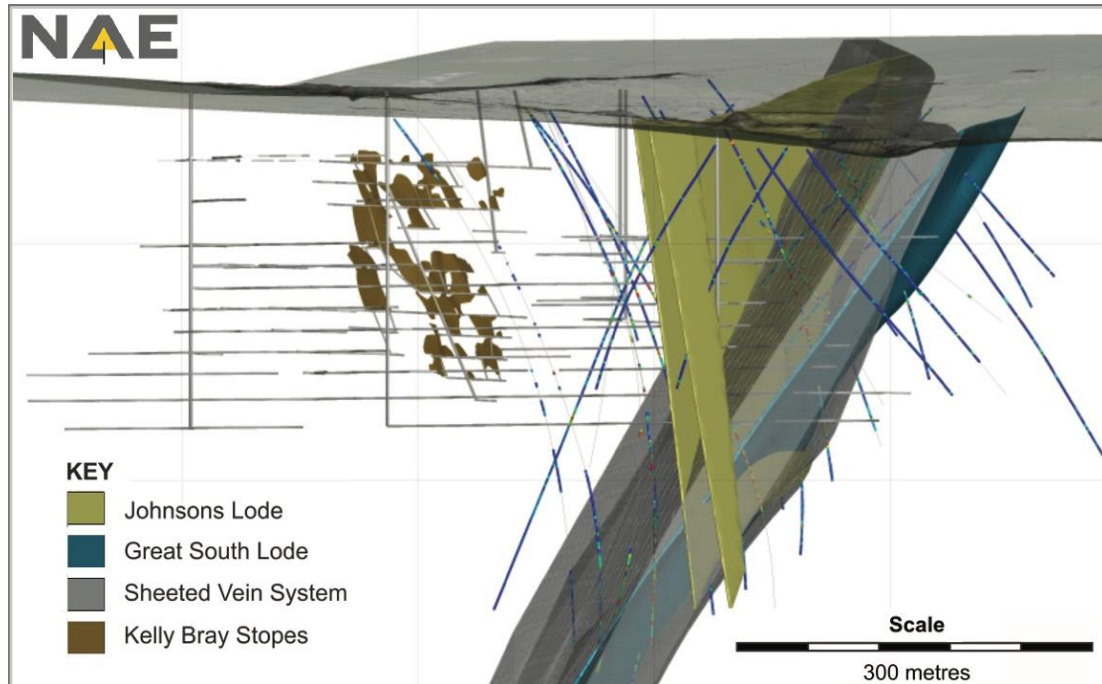
Redmoor Location

Redmoor Inferred Mineral Resource (December 2015)

A number of high grade tin-tungsten lodes were identified at Redmoor in November 2015 and an updated Mineral Resource statement was completed in December 2015. The 2017 drilling program focuses on the three main high grade lodes identified at Redmoor; Great South Lode; Johnsons Lode and Kelly Bray Lode.

Redmoor 2015 Inferred Resource Estimate

Description	Tonnage (Mt)	WO ₃ %	Sn %	Cu %	WO ₃ Eq %	SnEq %
Johnsons Lode	0.8	0.36	0.55	0.78	0.91	1.37
Great South Lode	1.5	0.33	0.50	0.32	0.74	1.10
Sub Total – High Grade	2.3	0.34	0.52	0.48	0.80	1.19
Sheeted Vein System	11.0	0.12	0.14	0.28	0.28	0.42
TOTAL	13.3	0.16	0.21	0.32	0.37	0.56



Redmoor 3D View from the West

Redmoor Exploration Target (December 2015)

A High Grade Exploration Target of **4Mt to 6Mt with an estimated grade of between 0.6% WO₃Eq (0.9% SnEq) and 1.0% WO₃Eq (1.5% SnEq)** was also identified in December 2015 in addition to the Inferred Mineral Resource. The High Grade Exploration Target is 2 to 3 times the size of the High Grade Resource at a similar expected grade, highlighting the exciting exploration potential.

An Exploration Target for lateral extensions to the Sheeted Vein System of **3Mt to 4Mt with an estimated grade of between 0.2% WO₃Eq (0.3% SnEq) and 0.4% WO₃Eq (0.6% SnEq)** was also identified in December 2015 in addition to the Inferred Mineral Resource.

It should be noted that this estimate is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

Joint Venture Agreement – Strategic Minerals

In May 2016, NAE entered into a joint venture agreement with AIM-listed Company, Strategic Minerals Plc (“SML”) under which SML have now earned a 50% interest in the Redmoor Tin-Tungsten Project for a total consideration paid of £1.05M.

In September 2016 an amendment to the May 2016 JV agreement was agreed with SML whereby SML made a £101,700 part-payment of its Option Payment which is being used for advancing pre-drilling works aimed at commencing drilling at Redmoor in the first half of 2017.

In November 2016, the name of the joint venture vehicle operating the Redmoor Tin-Tungsten Project in Cornwall was changed to Cornwall Resources Limited (“CRL”).

On 25 January 2017, NAE signed a detailed Shareholders Agreement with SML and Cornwall Resources Limited.

In early February 2017, CRL received a payment of £843,649 from SML representing the remainder of SML’s Option Payment, increasing SML’s equity in CRL to 50%, (NAE now holds 50% equity in CRL).

The £843,649 funds received by CRL from the SML Option exercise will be applied to the 2017 drilling program planned at Redmoor.

The agreement with SML enables NAE shareholders to retain exposure to 50% of the Redmoor Project upside with the next stage of drilling now fully funded by SML.

2017 Redmoor Exploration Drilling Program

A two Phase drilling program comprising of 13 holes in the first phase, followed by a second phase of 10 additional holes (total 23 holes) is planned to be undertaken at Redmoor this year. The aim of the drilling program is to confirm and extend the high grade resource at Redmoor.

On 1 March, the drilling contract was signed with Energold Drilling following a highly competitive tender process. Mobilisation has now commenced and drilling is expected to commence on site in late March.

Land access agreements have now been signed for 91% (21 drillholes) of the 23 drillholes planned.

Local Government approvals required for drilling (Cornwall Council) were completed in late February and the Callington Town Council also unanimously accepted Cornwall Resources drilling proposal proceeding.

5 Community meetings have been held in Kelly Bray and Callington between December and early March. There has been good interest and support shown at all of the meetings and further meetings are planned to keep the community updated as drilling progresses.

A lease was signed in February over an industrial unit in Kelly Bray to be used as a Core Shed / Office.

Redmoor Project Key Appointments

In October 2016, Mr Jeff Harrison was engaged as a Community Advisor for the Redmoor Project. Jeff has already made excellent progress in building relationships with the local community where the reception to the project has been positive. Jeff has also made substantial progress in signing of land access agreements for the 2017 drilling program. Jeff is an experienced mining engineer, operations manager and general manager, with over 35 years' experience in the mining industry. More recently, he was the Operations Manager for Wolf Minerals, where he provided similar services that were instrumental in gaining landowner and community support necessary for the development of the Drakelands tungsten mine, commissioned in 2015 and located 40km from the Company's mine site in Devon. Jeffrey lives in Cornwall approximately 20km from the project.

In January 2016, Mr Brett Grist was appointed as Exploration Manager to lead the 2017 drilling program at Redmoor. Brett is a geologist from the Royal School of Mines, London with over 18 years of exploration and mining experience in base metals and gold. He has worked in Europe, the Middle East, West and Central Africa and Australia. In his most recent role as CEO for CASA Mining Limited in the Democratic Republic of Congo, Brett led the discovery, drilling and definition of the 1.2M Oz Au Misisi deposit in DRC. Brett lives in Devon, UK, close to the Redmoor project. He has a passion for tin mining in the South West of England and is a member of the Dartmoor Tin-working Research Group.

The Senior Geologist was also recruited in February and recruitment for the outstanding 2 positions (Junior Geologist and Field Hand) is well underway and is expected to be completed shortly.

Tin Market

Tin prices stabilised in the US\$20,000/t – US\$21,000/t range during the last quarter (the current spot tin price is US\$19,576/t) representing an increase of around 40% since the start of 2016.

LOCHINVAR COKING COAL PROJECT, UK

The Lochinvar Coking Coal Project is located on the Scottish / English border. NAE was granted the initial Lochinvar exploration licence and conditional underground mining licence in June 2012. All licences are in good standing and are 100% owned by NAE.



Figure 1: Location of the Lochinvar Licences

Lochinvar Indicated and Inferred Resource (August 2014)

Following the completion of the extended Phase 1b drilling program, a revised structural interpretation and updated resource estimate were completed in August 2014. A 49Mt maiden Indicated Resource and 62Mt Inferred Resource was defined for the Nine Foot and Six Foot Seams.

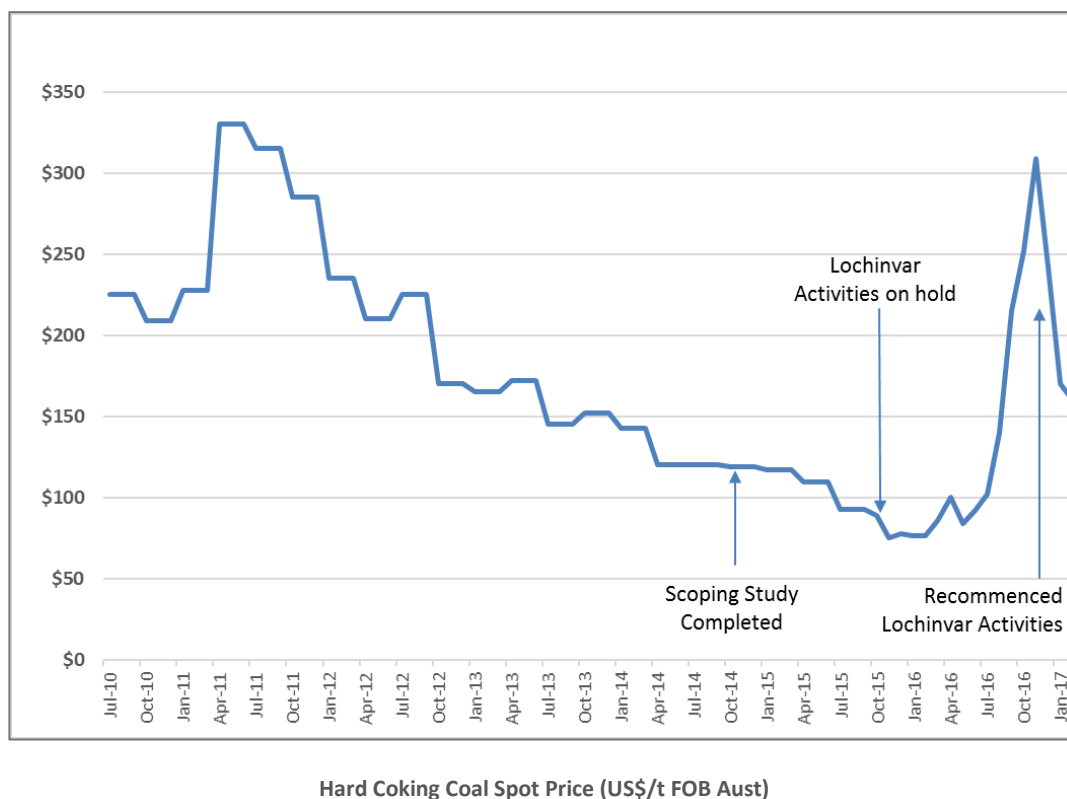
Lochinvar Indicated and Inferred Resource Summary (August 2014)

Coal Seam (Air Dried Basis)	Indicated Resource (Mt)	Inferred Resource (Mt)	Total Resource (Mt)
Nine Foot Seam	37	49	86
Six Foot Seam	13	13	26
Total	49	62	111

Restart of Lochinvar Activities

In November 2016, the Company announced that it was re-starting activities on its Lochinvar Coking Coal Project in the UK given the strong increase in Hard Coking Coal price and demand. At the time in mid-November the Hard Coking Coal Benchmark spot price has risen by over 300% during 2016 with the price reaching US\$307 / t FOB Australia.

Since mid-December, coking coal prices have fallen again with the Hard Coking Coal Benchmark spot prices flattening recently at ~ US\$160/t.



With an Indicated Resource and Scoping Study completed in 2014, and a Scoping Study Update now recently completed, the Lochinvar Project is well positioned to take advantage of the upturn in coking coal prices and demand.

Lochinvar Scoping Study Update (March 2017)

On 15 March 2017, NAE announced the results of an update to its Lochinvar Scoping Study, previously announced on 27 October 2014 (*see 15 March 2017 NAE announcement*). The Scoping Study Update included;

- An update of the Operating Costs and Capital Costs completed by technical consultants, Palaris
- The Directors have chosen to use the current spot Hard Coking Coal (HCC) Benchmark price of US\$160/t and current spot exchange rates as long term assumptions for the valuation update
- A marketing study for Lochinvar coal including demand assessment and expected price discounts completed by coal market research consultants, Wood Mackenzie
- Update of the project valuation completed by Palaris, with sensitivity analysis completed internally.

Other than the above listed updates, and as detailed in this announcement, the remainder of the 2014 Scoping Study results as announced on 27 October 2014 remain materially unchanged.

The valuation update has resulted in a substantial improvement in project economics from the 2014 results. **The project now has a base-case NPV9%, determined to an accuracy of ±40%, of approximately US\$410M, an IRR of approximately 27% and a payback period of approximately 4 years.**

The base-case results from the 2017 Lochinvar valuation update recently completed by Palaris, along with the corresponding results from the 2104 scoping study valuation (±40% accuracy), are

summarised in the table below. The update has delivered an **improvement in the Base-Case NPV of 54% and an improvement in the Base-Case IRR of 35% when compared to the 2014 Scoping Study.**

The Scoping Study Update NPV improvement has primarily been driven by depreciation of the British Pound Stirling (GBP) against the USD following Brexit, and by high demand for high volatile coking coals in Europe resulting in reduced quality discounts (i.e higher realised price) expected for Lochinvar coal sales into Europe.

These results show the potential for the Lochinvar project to deliver excellent returns on investment with lowest quartile operating costs resulting from short rail transport distances, low labour costs, high coal yield (71%), low royalties, and low taxes.

Summary Economic Comparison - Lochinvar Scoping Study (Base-Case)

Parameter		Unit	2014 Scoping Study Results	2017 Scoping Study Update
Production	LOM ROM	(Mt)	47	47
	LOM Saleable Coal	(Mt)	34	34
	Life of Mine	(Years)	26	26
	Annual Ave. ROM	(Mtpa)	1.9	1.9
	Annual Ave. Saleable Coal	(Mtpa)	1.4	1.4
	First Production	Year	2018	2022
Revenue	Benchmark HCC Price	(US\$/t)	165	160
	Lochinvar Realised Price	(US\$/t)	143	150
	Average Price Discount	(%)	13.3	6.0
Operating Costs	Unit Operating Cost	(US\$/t)	70	58
Capital Costs	Pre-Construction Capital	(US\$ M)	-	23
	Construction Capital	(US\$ M)	284	229
	Life of Mine Capital ¹	(US\$ M)	593	513
Cash	Annual Cash	(US\$ M pa)	75	95
	Operating Margin	(US\$/t)	73	92
Valuation²	NPV (@9%)	(US\$ M)	263	410
	IRR	(%)	20	27
	Payback (undiscounted)	(Years)	5	4

As part of the Scoping Study Update a Sensitivity Analysis undertaken internally on the valuation model with the key sensitivities highlighted in the table below.

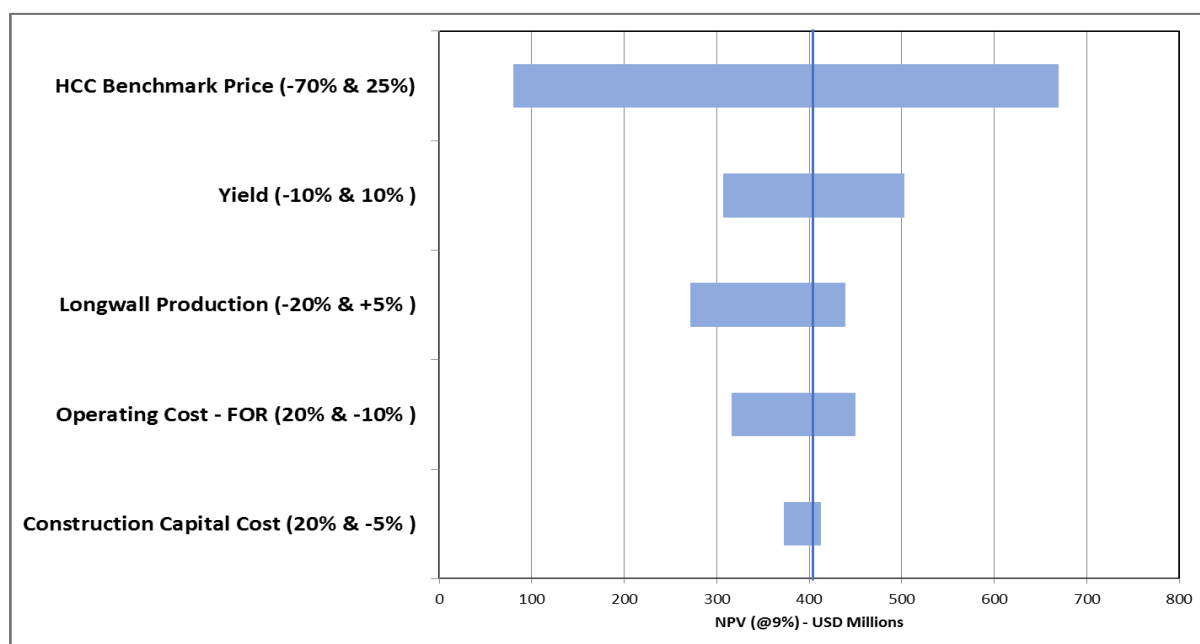
The sensitivity analysis shows that the project economics remain robust over the range of assumptions considered.

In particular, the analysis highlights that the valuation changes most significantly as a result of changes in Hard Coking Coal (HCC) Benchmark prices which have displayed a high degree of volatility over recent years. Notwithstanding the high sensitivity of the valuation to HCC price variation, the

¹ Life of Mine Capital includes Construction, Pre-Construction, Sustaining and Replacement Capital

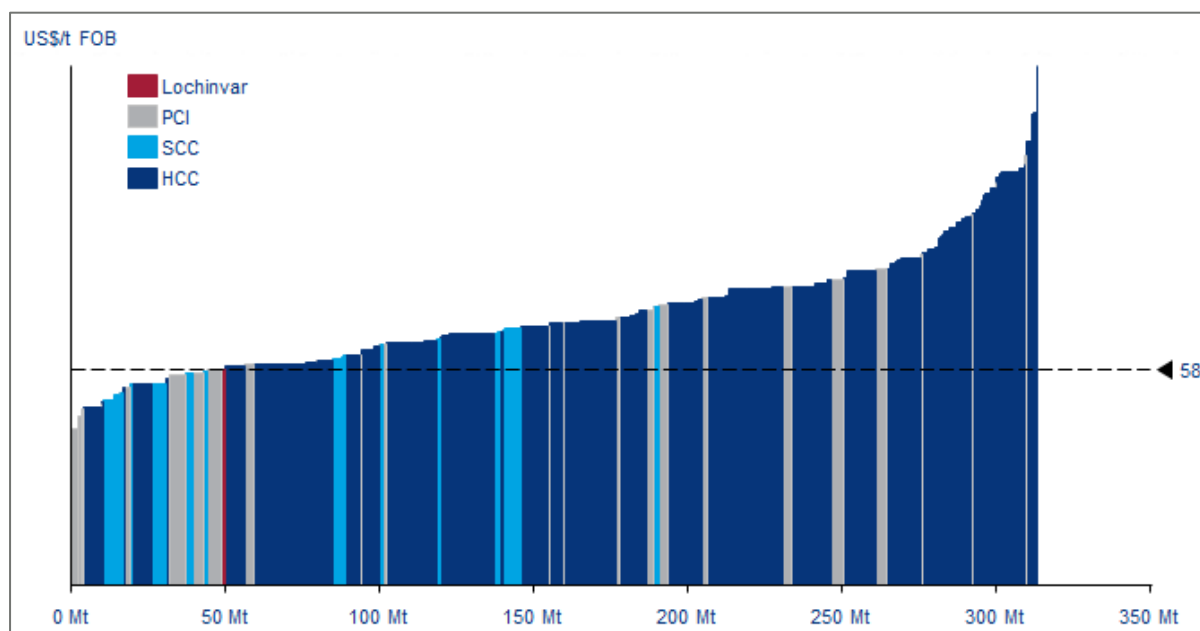
² Real after tax, unleveraged, 1 Jan 2017 basis

sensitivity analysis demonstrates that the project economics remain robust within the HCC price range considered.



Lochinvar 2017 Valuation Sensitivity Analysis Chart

Lochinvar sits comfortably in the first quartile of the 2017 Wood Mackenzie Global Seaborne Coking Coal FOB cost curve. With a total FOB Operating Cost of US\$58/t as per the Scoping Study Update, Lochinvar has the potential to deliver a low-cost operation due to relatively low mining costs (especially due to low labour rates in comparison to most international operations) and favourable exchange rates. Wood Mackenzie do not expect the cost curve profile to change dramatically over the life of production.



2017 Global Seaborne Metallurgical Coal Total Cash Cost Curve (source: Wood Mackenzie)

OTAGO SOUTH GOLD PROJECT, NZ

Two Prospecting Permits over the Otago South Gold Project covering a total area of 876 km² were granted to NAE by New Zealand Petroleum & Minerals on 17 October 2016. The permits were

approved in under two months, a much shorter timeframe than expected. This clearly demonstrates that the NZ Government is supportive of exploration and mining.

Each of the Prospecting Permits have been granted for an initial period of 2 years and allow low impact prospecting activities to be undertaken such as; geological mapping, soil and rock chip sampling and aerial surveys. Exploration Permits are required prior to drilling being undertaken which Prospecting Permit holders have the exclusive right to apply for.

Recent research has identified a 'mirror image' in the south of the Otago Schist belt within NAE's permits of the geology present in the north of the schist belt some 60km away which hosts the (>10Moz Au) Macraes gold mine. NAE is now in an exciting position of being the first to explore the South Otago Schist belt for Macraes style gold deposits within these permits.

The Initial exploration program on the Otago South Gold Project commenced in mid-November focused on geological mapping and soil sampling for arsenic (a pathfinder mineral for gold within the Otago Schist) using a portable hand-held XRF device. Using these methods the large permit areas can be quickly and cost effectively screened to identify drilling targets over areas with anomalous levels of arsenic (via portable XRF) and gold (via laboratory analysis) and mapped shear zones. The initial work program has an expected cost of ~NZ\$150,000 and is expected to take ~4 months to complete.

In November Managing Director, Gary Fietz spent 4 days visiting the permits with Dr Doug MacKenzie from the University of Otago.

In December Dr Doug MacKenzie has commenced geological mapping to identify potential shear zones that may host gold mineralisation

In December technical consultants CRL Energy were engaged to undertake the soil sampling program over the permits to expedite the work program. CRL commenced the soil sampling program on site in January.

CORPORATE

Research and Development Tax Relief Payment

On 1 July 2016, NAE's wholly-owned UK subsidiary, Lochinvar Coal Limited, received a cash payment of £456,729 net of fees from the UK Government for Research and Development Tax Relief.

RCF Loan Repayments

On 5 July 2016, 15,700,000 fully paid ordinary shares in NAE were placed to RCF at a subscription price of 1.5 cents per share to repay US\$174,882 of the unsecured loan to RCF. A further 925,914 fully paid ordinary shares in the Company were also placed to RCF on 5 July 2016 at a subscription price of 0.99 cents per share to repay US\$6,807.08 interest accrued on the loan.

In January 2017, NAE's outstanding loan with RCF of A\$109,758 was repaid in full by the Company. The Company now has no outstanding loans to RCF or to any other party.

Capital Raising

A capital raising of \$1,384,000, before costs, was completed in November 2016 via the placement of 69,200,000 fully paid ordinary shares to sophisticated investors at a subscription price of 2.0 cents per share. The placement, led by Peloton Capital Pty Ltd, was heavily oversubscribed, with many applicants scaled back considerably.

The funds are intended to be applied towards increasing activity on the Lochinvar Coking Coal Project in the UK, exploration at the recently granted tenements at the Otago South Gold Project in New Zealand and general working capital requirements.

Other Activities

The Company continues to pursue additional project opportunities.

COMPETENT PERSONS STATEMENT

REDMOOR

The information in this report that relates to Exploration Results and also the Exploration Target and Inferred Mineral Resource is based on information compiled and reviewed by Dr Mike Armitage, who is the Chairman of SRK Global and a Corporate Geologist with SRK Consulting (UK) Ltd and is a Member of the Institute of Materials, Minerals and Mining (MIMMM), a Fellow of the Geological Society of London (FGS), a Chartered Geologist of the Geological Society of London (CGeol) and a Chartered Engineer, UK (CEng). Dr Armitage has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Armitage has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.

LOCHINVAR

The Resources estimate is based on information compiled by Dr John Bamberry, who is a Member of the Australasian Institute of Geoscientists (Member No. 4090). Dr Bamberry is the Principal Geologist at Palaris. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Bamberry has over 25 years' experience in exploration and mining of coal deposits.

Neither Dr Bamberry nor Palaris have a direct or indirect financial interest in, or association with New Age Exploration Ltd, the properties and tenements reviewed in this report, apart from standard contractual arrangements for the preparation of this report and other previous independent consulting work. In preparing this report, Palaris has been paid a fee for time expended based on standard hourly rates. The present and past arrangements for services rendered to New Age Exploration Ltd do not in any way compromise the independence of Palaris with respect to this review.

OTAGO SOUTH GOLD PROJECT

The information in this report that relates to Exploration Results is based on information compiled and reviewed by Dr Doug MacKenzie, who is a Senior Research Fellow at the University of Otago, Geology Department and is a Member and Chartered Professional Geologist of the Australasian Institute of Mining and Metallurgy. Dr MacKenzie has over 20 years research experience in the Otago Schist and related rocks with emphasis on relationships between structure, metamorphism and gold mineralization. Dr MacKenzie has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr MacKenzie consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

FORWARD LOOKING STATEMENTS

This report contains "forward-looking information" that is based on the Company's expectations, estimates and forecasts as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the Company's business strategy, plans, objectives, performance, outlook, growth, cash flow, earnings per share and shareholder value, projections, targets and expectations, mineral reserves and resources, results of

exploration and related expenses, property acquisitions, mine development, mine operations, drilling activity, sampling and other data, grade and recovery levels, future production, capital costs, expenditures for environmental matters, life of mine, completion dates, commodity prices and demand, and currency exchange rates. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as “outlook”, “anticipate”, “project”, “target”, “likely”, “believe”, “estimate”, “expect”, “intend”, “may”, “would”, “could”, “should”, “scheduled”, “will”, “plan”, “forecast” and similar expressions. The forward looking information is not factual but rather represents only expectations, estimates and/or forecasts about the future and therefore need to be read bearing in mind the risks and uncertainties concerning future events generally.

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of New Age Exploration Limited for the half year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A stylized, handwritten signature in blue ink that reads "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink that reads "J S Croall".

J S CROALL

Partner

Melbourne, Victoria
16 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Note	Half year ended 31 Dec 2016 \$	Half year ended 31 Dec 2015 \$
Revenue		4,652	2,417
Expenses			
Corporate expenses		(88,351)	(91,184)
Occupancy expenses		(12,747)	(10,159)
Employee benefits expense		(193,670)	(293,756)
Exploration and evaluation impairment		-	(680,930)
Administrative expenses		(48,424)	(27,938)
Travel and accommodation		(16,485)	(4,039)
Other expenses		(53,556)	-
Loss before income tax expense		(408,581)	(1,105,589)
Income tax expense		-	-
Loss for the period from continuing operations		(408,581)	(1,105,589)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Movement in exchange differences on translating foreign operations		13,658	(40,419)
Income tax expense		-	-
Other comprehensive income/(loss)		13,658	(40,419)
Total comprehensive loss for the period		(394,923)	(1,146,008)
Income/(Loss) for the period attributable to:			
Non-controlling interests		(2,796)	386
Owners of New Age Exploration Limited		(405,785)	(1,105,975)
		(408,581)	(1,105,589)
Total comprehensive income/(loss) for the period attributable to:			
Non-controlling interests		6,241	391
Owners of New Age Exploration Limited		(401,164)	(1,146,399)
		(394,923)	(1,146,008)
<i>Loss per share from continuing operations attributable to the owners of New Age Exploration Limited</i>			
		Cents	Cents
Basic loss per share		(0.11)	(0.34)
Diluted loss per share		(0.11)	(0.34)

The above consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	31 Dec 2016 \$	30 June 2016 \$
Current assets			
Cash and cash equivalents		2,071,735	199,231
Trade and other receivables		29,454	973,044
Prepayments		5,642	13,979
Other financial assets		25,000	119,101
Total current assets		2,131,831	1,305,355
Non-current assets			
Exploration and evaluation assets	2	4,905,503	4,763,400
Total non-current assets		4,905,503	4,763,400
Total assets		7,037,334	6,068,755
Current liabilities			
Trade and other payables		91,232	249,795
Provisions		22,492	25,339
Convertible loan		118,147	361,838
Total current liabilities		231,871	636,972
Total liabilities		231,871	636,972
Net assets		6,805,463	5,431,783
Equity			
Equity attributable to members of the parent:			
Contributed equity	3	25,185,238	23,641,688
Reserves	4	1,212,174	1,207,553
Accumulated losses		(19,698,004)	(19,449,311)
Total parent entity interest		6,699,408	5,399,930
Non-controlling interests		106,055	31,853
Total equity		6,805,463	5,431,783

The above consolidated statement of financial position is to be read in conjunction with the attached notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Attributable to owners of New Age Exploration Limited			Non-Controlling Interests	Total
	Contributed Equity \$	Reserves \$	Accumulated Losses \$	\$	\$
At 1 July 2016	23,641,688	1,207,553	(19,449,311)	31,853	5,431,783
Loss for the period	-	-	(405,785)	(2,796)	(408,581)
Other comprehensive loss	-	4,621	-	9,037	13,658
Total comprehensive loss for the period	-	4,621	(405,785)	6,241	(394,923)
Transactions with owners in their capacity as owners:					
Issue of shares for loan repayment	244,666	-	-	-	244,666
Issue of shares	1,384,000	-	-	-	1,384,000
Issue costs	(85,116)	-	-	-	(85,116)
Dilution in ownership of controlled entity	-	-	157,092	67,961	225,053
As at 31 December 2016	25,185,238	1,212,174	(19,698,004)	106,055	6,805,463
At 1 July 2015	23,404,378	1,612,481	(19,909,483)	385	5,107,761
Loss for the period	-	-	(1,105,975)	386	(1,105,589)
Other comprehensive loss	-	(40,424)	-	5	(40,419)
Total comprehensive loss for the period	-	(40,424)	(1,105,975)	391	(1,146,008)
Transactions with owners in their capacity as owners:					
Issue of shares	237,310	-	-	-	237,310
Transfer of expired options	-	(100,500)	100,500	-	-
Non-controlling interest in exploration projects	-	-	776	(776)	-
As at 31 December 2015	23,641,688	1,471,557	(20,914,182)	-	4,199,063

The above consolidated statement of changes in equity is to be read in conjunction with the attached notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Half year ended 31 Dec 2016 \$	Half year ended 31 Dec 2015 \$
Cash flows from operating activities		
Payments to suppliers and employees	(489,911)	(424,467)
Interest received	361	2,445
Net cash flows used in operating activities	(489,550)	(422,022)
Cash flows from investing activities		
Research and development refund	908,643	-
Payments for exploration and evaluation assets	(132,490)	(114,093)
Payment for other financial assets	(77,410)	-
Proceeds from sale of other financial assets	170,010	-
Proceeds from partial disposal of interest in controlled entity	227,937	-
Net cash flows provided by/ (used in) investing activities	1,096,690	(114,093)
Cash flows from financing activities		
Proceeds from issue of shares	1,384,000	237,310
Share issue costs	(85,116)	-
Net cash flows provided by financing activities	1,298,884	237,310
Net increase/(decrease) in cash and cash equivalents held	1,906,024	(298,805)
Cash and cash equivalents at beginning of period	199,231	531,748
Effects of exchange changes on balances held in foreign currencies	(33,520)	1,408
Cash and cash equivalents at the end of period	2,071,735	234,351

The above consolidated statement of cash flows is to be read in conjunction with the attached notes.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and accounting policies

This general purpose financial report for the half year ended 31 December 2016 has been prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The condensed half year financial report does not include notes of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as the full financial report.

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 June 2016 and considered together with any public announcements made by New Age Exploration Limited during the half year ended 31 December 2016 in accordance with the continuous disclosure obligations of the ASX listing rules. Comparative figures have been adjusted to conform with changes in presentation for the current period.

The accounting policies and methods of computation are consistent with those adopted in the most recent annual financial report, except for the impact of the Standards and Interpretations described below.

Adoption of New and Revised Accounting Standards

The Group has adopted all of the new and amended Australian Accounting Standards and AASB Interpretations that are relevant to its operations and effective for the current half-year. The adoption of the new and amended Standards and Interpretations has had no effect on the amounts reported for the current or prior half years.

The Directors have reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2016. As a result of this review, the Directors have determined that the expected impact to the Group will be immaterial.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS CONTINUED

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

NOTE 2 EXPLORATION AND EVALUATION ASSETS

	31 Dec 2016	30 June 2016
	\$	\$
Movement in the carrying amounts of exploration and evaluation assets between the beginning and end of the financial period:		
Balance at the beginning of the financial period	4,763,400	4,653,037
Additions	132,490	131,949
Effect of foreign currency movements	9,613	(21,586)
	<u>4,905,503</u>	<u>4,763,400</u>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

NOTE 3 ISSUED CAPITAL

	31 Dec 2016 Number	30 June 2016 Number	31 Dec 2016 \$	30 June 2016 \$
Ordinary shares – fully paid	429,323,997	343,498,083	25,185,238	23,641,688
Movement in ordinary shares				
	No of Shares		Issue Price	\$
Balance 1 July 2015	327,677,437			23,404,378
Issue of shares – funding facility	15,820,646		\$0.015	237,310
Balance 30 June 2016	343,498,083			23,641,688
Issue of shares – funding facility	16,625,914		\$0.015	244,666
Issue of shares – placement	69,200,000		\$0.20	1,384,000
Share issue costs				(85,116)
Balance 31 December 2016	429,323,997			25,185,238

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS CONTINUED

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

NOTE 4 RESERVES

	31 Dec 2016	30 June 2016
	\$	\$
Share-based payments reserve	14,700	14,700
Foreign exchange translation reserve	1,197,474	1,192,853
	<u>1,212,174</u>	<u>1,207,553</u>

NOTE 5 SEGMENT INFORMATION

The Group operated predominantly as an explorer with the view to identify and advance attractive mineral deposits of sufficient grade and size to provide sustainable returns to shareholders.

The directors do not believe that there are any reportable segments that meet the requirements of AASB 8 *Segment Reporting*. The chief operating decision maker, being the Board of Directors, review geological results and other qualitative measures as a basis for decision making.

NOTE 6 FINANCIAL INSTRUMENTS

The Directors consider that the carrying values of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

NOTE 7 SUBSEQUENT EVENTS

On 13 January 2016, NAE fully settled in cash \$109,758, comprising the outstanding principal of \$105,170 and interest of \$4,588, of a funding facility provided by the Company's largest shareholder, Resource Capital Fund V L.P ("RCF").

On 25th January 2017, NAE entered into a Shareholders Agreement ("Agreement") with Strategic Minerals Plc ("SML") and Cornwall Resources Limited ("CRL"), the joint venture vehicle operating the Redmoor Project in Cornwall. In accordance with the Agreement, SML exercised its option and subscribed for shares totalling £843,649 on 6th February 2017 to increase its interest in CRL and the Redmoor Project to 50%. The funds will be applied to a phased drilling program at Redmoor during this year.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial periods.

DIRECTORS' DECLARATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

In the directors' opinion:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the financial half year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the directors:



Gary Fietz
Managing Director

Melbourne
16 March 2017

RSM Australia Partners

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INDEPENDENT AUDITOR'S REVIEW REPORT**TO THE MEMBERS OF****NEW AGE EXPLORATION LIMITED****Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of New Age Exploration Limited which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of New Age Exploration Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations act 2001*, which has been given to the directors of New Age Exploration Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of New Age Exploration Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year then ended; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

A handwritten signature in blue ink, appearing to be 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to be 'J S Croall'.

J S CROALL

Partner

Melbourne, Victoria

16 March 2017